

Message Text

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42

ACTION EUR-25

INFO OCT-01 ARA-16 EA-11 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00

DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10 INT-08 L-03

NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01 OIC-04 DRC-01

NEA-10 SAJ-01 /204 W

----- 097326

O P 021408Z MAR 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC IMMEDIATE 7902

INFO AMEMBASSY BRUSSELS PRIORITY

USMISSION OECD PARIS PRIORITY UNN

AMEMBASSY PARIS

USMISSION EC BRUSSELS UNN

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION NATO

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STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, NO

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SUBJECT: FOLLOW UP TO FIRST MEETING OF ENERGY COORDINATING GROUP

REF: (A) STATE 39930; (B) OSLO 887; (C) OSLO 881; (D) OSLO 792

1. SCHOYEN OF FOREIGN MINISTRY WHO IS PINCH HITTING FOR ARNESEN (REF B) HAD FOLLOWING VERY PRELIMINARY COMMENTS ON CONSULTATIVE GROUP TERMS OF REFERENCE, PARTICULARLY ITEMS 1-3.

2. CONSULTATIVE GROUP MEETING IN WASHINGTON HAD DISCUSSED TERMS OF REFERENCE BUT HAD NOT ADOPTED THEM (SEE REF C). FINAL AGREEMENT WAS PUT OFF UNTIL MARCH 13-14 MEETING. NORWAY ATTACHES SPECIAL IMPORTANCE TO CONSERVATION AND DEMAND RESTRAINT AND HOPES THAT SIMILAR AND PARALLEL ACTIONS IN THESE FIELDS WILL BE TAKEN BY A NUMBER OF GOVERNMENTS. NORWAY WOULD EMPHASIZE ESTABLISHMENT OF CONTACTS AND A DIALOGUE WITH LDCS AT THE MARCH 13-14 MEETING, BUT HAD NO SUGGESTIONS ON HOW TO DO SO AS YET. NORWAY WOULD HAVE MORE DETAILED COMMENTS ON THE TERMS AS A WHOLE BY MARCH 7.

3. ON ITEMS 1-3, NORWAY SUPPORTED ITEMS 1 AND 3 AS CONTAINED IN ECG/2 AND ECG/4, SUBJECT TO FINAL AGREEMENT ON EXACT WORDING. NORWAY WAS PARTICULARLY ANXIOUS THAT AS MUCH WORK AS POSSIBLE ON ALL THREE ITEMS BE DONE IN THE OECD.

4. ITEM 2 RAISED HIGHLY SENSITIVE DOMESTIC ISSUES FOR NORWAY AS FOREIGN MINISTER FRYDENLUND HAD POINTED OUT DURING THE WASHINGTON ENERGY CONFERENCE. THE NORWEGIAN GOVERNMENT HAD JUST GIVEN A REPORT PREPARED BY THE FINANCE MINISTRY TO PARLIAMENT ON THE EFFECT OF THE DEVELOPMENT OF NORWAY'S OIL AND GAS ON NORWEGIAN SOCIETY (SEE RES D FOR A SUMMARY OF THIS REPORT). THIS REPORT, TOGETHER WITH ANOTHER MORE TECHNICAL REPORT ON OIL AND GAS BEING PREPARED BY THE MINISTRY OF INDUSTRY, WOULD BE DEBATED BY PARLIAMENT THIS SPRING. THE REPORT OF THE FINANCE MINISTRY SUGGESTS THAT EMPHASIS SHOULD BE PUT ON THE CONSERVATION OF NORWAY'S NON-RENEWABLE OIL AND GAS RESOURCES AND THAT THE RATE OF OIL AND GAS PRODUCTION SHOULD BE ADAPTED TO GENERAL ECONOMIC CONDITIONS IN NORWAY. THE REPORT REFLECTS SOME OF THE DIFFICULTIES NORWAY HAS WITH ITEM 2 OF THE TERMS OF REFERENCE AS CONTAINED IN ECG/3. THE WORDING OF PARTS OF ITEM 2 IN ECG/3 WHICH REFER TO EXPANDING DEVELOPMENT OF OIL AND GAS PRODUCTION LIMITED OFFICIAL USE

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APPEAR TO GO BEYOND WHAT HAD BEEN AGREED UPON AT THE WASHINGTON ENERGY CONFERENCE, SCHOYEN SAID.

5. EMBASSY OFFICER POINTED OUT THAT THE FINANCE MINISTRY'S REPORT PROPOSED THAT OIL AND GAS PRODUCTION SHOULD BE KEPT AT ABOUT THE LEVEL NOW PROJECTED FOR THE EARLY 1980'S FROM FIELDS ALREADY UNDER DEVELOPMENT AND THAT EXPLORATION FOR MORE RESERVES SHOULD BE LIMITED SO THAT PROVEN RESERVES DID NOT GREATLY EXCEED PRESENT LEVELS.

THESE PROPOSALS WOULD HAVE TO BE DEBATED BY PARLIAMENT AND DID NOT YET REPRESENT NORWEGIAN POLICY. HOWEVER, THEY DID SEEM CONTRADICTORY TO BOTH THE SPIRIT AND INTENT OF THE WASHINGTON CONFERENCE.

6. IN RESPONSE TO SCHOYEN'S COMMENT THAT THERE WAS A STRONG DOMESTIC CONSENSUS WHICH SUPPORTED NORWAY'S "MAKE HASTE SLOWLY" OIL AND GAS DEVELOPMENT POLICY, EMBOFF POINTED TO APPARENT CONFLICT BETWEEN NORWAY'S DOMESTIC AND INTERNATIONAL OBJECTIVES AND OBLIGATIONS AND EXPRESSED HOPE NORWAY WOULD RESOLVE DICHOTOMY FLEXIBLY. WHEN SCHOYEN MADE FAMILIAR NORWEGIAN ARGUMENTS THAT 1980 NORWEGIAN PRODUCTION WOULD

AMOUNT TO NO MORE THAN ONE OR TWO PERCENT OF WORLD PRODUCTION AND WAS NOT IMPORTANT, EMBOFF SAID THAT IF ALL COUNTRIES TOOK SAME ATTITUDE ENERGY SUPPLY PROBLEMS WOULD BECOME EVEN WORSE. EVERY LITTLE

BIT HELPED. THE WHOLE THRUST OF ENERGY CONFERENCE WAS TO FIND WAYS OF

AMELIORATING ENERGY SITUATION THROUGH INTERNATIONAL COOPERATION AND SHARING OF BURDEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, LESS DEVELOPED COUNTRIES, COMMITTEE MEETINGS, MEETING DELEGATIONS, INTERGOVERNMENTAL COOPERATION, EXPORTERS, IMPORTERS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OSLO00896
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740372/aaaacpex.tel
Line Count: 138
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 39930; (B) OSLO 887; (C) O, SLO 881; (D) OSLO 792
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by collinp0>; APPROVED <04 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOLLOW UP TO FIRST MEETING OF ENERGY COORDINATING GROUP
TAGS: ENRG, NO, US, (SCHOYEN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005